THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Madam.

(b) Does not arise in view of (a) above.

Unified Tax Regime

1419. SHRI C. PERUMAL: Will the Minister of FINANCE be pleased to state:

(a) whether the Commerce Associations have urged Government to initiate action towards integration of Central Value Added Tax (VAT) and State level VAT; and

(b) whether it is proposed to bring a Unified Tax Regime, if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b)As per the provisions of the Constitution, the Central Government is empowered to levy tax on manufacture of goods (CENVAT), whereas the State Governments have the powers to levy tax on purchase or sale of goods within a State (State VAT). Therefore, integration of CENVAT and State VAT would require a constitutional amendment. Moreover, a number of other issues would require to be settled, in consultation with the States, before a Unified Tax Regime is implemented. Some States have not implemented VAT yet. The Central Sales Tax on inter-State sale of goods will also need to be integrated with VAT. There is also the question of integration of taxation of goods and services. Thus, there is no prospect of implementation of a Unified Tax Regime in the immediate future.

States debt burden

1420. SHRI SANJAY RAUT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that various State Governments are facing acute financial problems and they are trapped in debt;

(b) if so, the details thereof;